



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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July 18, 2017

Honorable Vernon Betts, Sheriff
City of St. Louis
Carnahan Courthouse
1114 Market Street, Suite 112
St. Louis, MO 63101

RE: Special Review-Sheriff's Department Payroll (Project #2017-SP7)

Dear Sheriff Betts:

Enclosed is the Internal Audit Section's report of the Sheriff's Department (#315) Payroll. A description of the scope of work is included in the report.

Fieldwork was completed on June 9, 2017. Management's responses were received on July 14, 2017 and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 657-3454.

Respectfully,

Dr. Ishmael Ikpeama
Internal Audit Supervisor

Enclosure

Cc: Steve Roberts, Chief of Staff, Sheriff's Department



**SHERIFF'S DEPARTMENT
PAYROLL SPECIAL REVIEW
JULY 1, 2015 THROUGH DECEMBER 31, 2016**

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SUMMARY

Background

The Sheriff's Department is responsible for the courtroom security of the Circuit Court and the transportation of prisoners between the courts, medical facilities and detention facilities. The Sheriff's Office has the duty of serving court papers and eviction notices and issuing jury summonses. The Department in addition to the above also performs the following functions:

- Issuing Concealed Carry Weapon (CCW)
- License Process Servers permits.
- Sheriff's Sales (Public Auction of Parcels of Land Delinquent on Real Estate Taxes)

Sheriff's Department is also responsible for performing services (service or delivery) within the city of St. Louis, of garnishment orders and writs of sequestrations (garnishments of wages of public employees).

Purpose

The purpose of this review was to determine if the Sheriff's Department effectively and efficiently manages its risks pertaining to employees' payroll to ensure:

- Compliance with City Ordinance #70285, Department's policies and procedures.
- Compliance with Personnel Administrative Regulations #134.
- Employees are paid for actual hours worked (overtime, vacation, sick leave, etc.).
- Proper authorization and approval of payrolls.
- Actual City employees are paid.
- Imputed value, if applicable is properly determined.
- The reliability and integrity of financial and operational information.

Scope and Methodology

The review was confined to evaluating Sheriff's Department controls over the employees' payroll. The scope of the review covered the period July 1, 2015 through December 31, 2016.

The review procedures included but not limited to the following:

- Inquires of Payroll Clerk (Lieutenant) and the Chief of Staff
- Reviews for compliance with Sheriff's Department updated written policy and procedures
- Limited tests of related controls
- Other procedures considered necessary

The payroll distribution was conducted for the pay period ending May 13, 2017

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at the Sheriff's Office (Carnahan Courthouse) on May 18, 2017 and at the Sheriff's Department (Civil Court Building) on May 19, 2017.

Status of Prior Observations

There was no prior audit performed on the Sheriff's Department payroll.

Conclusion

The Sheriff's Department had established internal controls in place and operating to effectively and efficiently manage risks pertaining to the payroll processes.

Several control strengths were noted, such as:

- Updated department policy and procedures manual which included details on the employees' benefits.
- Using Nova timing (Thumb capture) program to maintain employees daily attendance records (daily employees sign in and sign out), benefits earned and used (vacation leave, medical leave, frozen sick leave, administrative leave and compensatory hours).
- The Payroll Clerk (Lieutenant) maintaining proper documentations and records of employees' use of vacation leave, medical leave, frozen sick leave, administrative time and compensatory hours.
- Adequate Supervisory oversight of the employees' daily timing records on the Nova System.

The opportunities exist for the Sheriff's Department to improve controls over the management of the Nova timing program among others. The following are major observations resulting from the review:

1. Update the Nova Timing Program.
2. Establish Flat Rate Automobile (Gas) Allowance in the Department's Policies and Procedures Manual.

These observations are discussed in the **Detailed Observations, Recommendations and Management's Responses** section of the report.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S
RESPONSES**

1. Update the Nova Timing Program

Based on the listing of retired, resigned and terminated employees provided, 35 employees discontinued their services or have their services terminated by the Sheriff's Department between 2015 and 2017. IAS subsequent review of the listing and checking individually on the Nova Timing program revealed the following:

- Twelve of the 35 (35%) of the employees had vacation time reset at the beginning of the year to the approved hours for their respective ranks. The vacation hours reported range from eight (8) hours to 200 hours.
- 11 of the 35 (31%) have outstanding Frozen Sick leave hours. The outstanding Frozen Sick Leave hours range from 12 hours to 2,400 hours.
- 31 of the 35 (89%) of the listed retired, resigned and terminated employees still have unused Medical Leave hours balances. The outstanding hours ranges from 0.11 hours to 563.61 hours.
- 28 of the 35 (80 %) of the disengaged employees have unused compensatory hours on their individual records. The outstanding balances range from 0.18 hour to 395.61 hours.
- Four (4) of the 35 disengaged Seniors Officers have administrative hours allocated in lieu of overtime for additional hours on the job. The Senior Officers were assigned eight hours by the system each quarter.

Proper management and regular (annual) update of the employees (Active and Inactive) personal and benefits information on the system of the Nova Timing System will ensure the benefits (vacation leave, medical leave, frozen sick leave, compensatory hours and administrative hours) information are accurate and reliable.

The Payroll Clerk (Lieutenant) informed us that, the Nova timing program automatically resets all employees vacation leave, medical leave approved hours at the beginning of the year while the administrative day approved for Commanders (Lieutenant and above) are automatically reset every quarter by the system. The Payroll Clerk (Lieutenant) claimed all the disengaged employees were properly closed out and paid off.

Maintaining balances of Vacation Leave, Medical Leave, Frozen Sick Leave and Compensatory hours on the Nova Timing Program for fully disengaged employees may result in inaccurate benefits hours accruing and a potential liability to the department and the City of St. Louis.

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Recommendation:

Internal Audit Section recommends that the Sheriff's Department establish as part of the procedures:

- Annual update of the Nova Timing system and adjust all balances of vacation leave, medical leave hours on the system to zero for all disengaged employees.
- Quarterly update of the Nova Timing system and adjust all balances of administrative leave hours on the system to zero for all disengaged employees.

The Sheriff's Department should contact the Nova Timing program vendor and request modification to the system program. The modification should ensure automatic closing out of inactive employees' benefits (vacation leave, frozen sick leave, medical leave, Compensatory hours) and not reset approved benefits hours at the beginning of the year as programmed.

Management Response

In response to our nova Time system, we have contact with them to work on some items we are having issues with. Namely the yearly accruals of time on employees no longer here. Our time keepers will check annually and quarterly to make sure no time is being accrued. The Lieutenant/payroll will make sure their time is accounted for. If it is a payroll on vacation, comp time or a portion of frozen sick time it will be noted in Nova Time.

2. Establish Flat Rate Automobile (Gas) Allowance in the Department's Policies and Procedures Manual

The Sheriff's Department currently pay each Deputy and Commander \$340.00 monthly for the use of their respective vehicles to perform daily duties. The initial gas allowance of \$240.00 per month was increased to \$340.00 during the fiscal year 2012. However, the payment of the gas allowance has not been included in the department's policies and procedures manual.

Proper documentation of the Flat Rate Automobile (Gas) Allowance in the Sheriff's Department policies and procedures manual may ensure effective communication and understanding by all employees.

Though management recently updated the department's policies and procedures manual, it has not incorporated the provision of this allowance in the written policies and procedures.

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Failure to include the provision of the Flat Rate Automobile (Gas) allowance in the Department's written policies and procedures manual may increase the risk that the provision may not be:

- Fairly implemented with all the department's employees.
- Effectively communicated and understood by all employees.

Recommendation

We recommend the Sheriff's Department:

- Update the policies and procedures manual to include the provision of the Flat Rate Automobile (Gas).
- Formally communicate the provision to all employees in the Department.

Management Response

We have implemented a Procedural / Policy order for our outside service unit. It will be put into all of our Sheriff's Manuals. Additionally, we will have our service unit sign a copy to have on file. You will find a copy of the Procedural / Policy enclosed with this letter.